



Testimony of Stan Sorkin

President of the Connecticut Food Association

In Opposition to PB 5504

Chairman Roy, Chairman Meyer and Members of the Environmental Committee. My name is Stan Sorkin, President of the Connecticut Food Association. Our Association provides policy advice, research, legislative and regulatory services to the grocery industry in the state. I am here today to testify in opposition of PB 5504, **An Act Increasing the Dairy License Fee.**

PB 5504 increases the current annual \$30 retailer dairy license fee to sell milk to a minimum of \$500 up to a maximum of \$3000 annually based on a schedule dependent on the average number of gallons sold on a daily basis. We feel that increasing this fee sixteen (16) to one hundred (100) times the current \$30 fee is grossly out of proportion, subject to fraud, and unjustified. Based on the fact that milk is the basic item in every child's diet, food retailers have no option but to carry this necessary commodity. An increase in fees of this magnitude would significantly add to a food retailer's cost of doing business and especially hurts smaller corner grocery stores in which milk sales make up a larger proportion of their total store sales.

The retail grocery industry has been sympathetic to the economic plight of Connecticut farmers. To that end, as recently as last year in a working group convened by Commissioner Prelli, our industry initiated the idea that we would accept a reasonable license fee increase to \$150. We are again prepared to agree to a fee increase to that level- five (5) times our current rate.

I ask you not to look at this dairy license fee in isolation. The Wall Street Journal reported on Feb. 13, 2009 that fourth quarter 2008 consumer spending on food fell at an inflation-adjusted rate of 3.7% from the third quarter. Proposed legislation, such as expanded bottle bills, paid sick leave, other fee increases, would add to the costs of running a grocery store. Declining sales and increased costs of doing business do not make for a sound economic model for the grocery industry. Keep fee increases at a reasonable level.